

Message Text

SECRET

PAGE 01 CAIRO 13174 01 OF 03 311605Z

41

ACTION NEA-10

INFO OCT-01 AF-06 EUR-12 ISO-00 AID-05 EB-07 TRSE-00

COME-00 STR-04 XMB-02 OMB-01 SAM-01 SAB-01 IO-10

CIAE-00 DODE-00 PM-04 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 SCCT-01 CIEP-01

OES-03 ACDA-05 ERDA-05 NRC-05 AGR-05 HEW-02 CU-02

FRB-03 MC-02 /138 W

----- 075193

R 311445Z DEC 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8913

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY SANA

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

S E C R E T SECTION 1 OF 3 CAIRO 13174

KUWAIT PASS BAGHDAD

SECRET

SECRET

PAGE 02 CAIRO 13174 01 OF 03 311605Z

E.O. 11652: GDS

TAGS: PFOR, PINT, EG

SUBJECT: QUARTERLY POLITICAL ASSESSMENT: OCTOBER 1 - DECEMBER
31, 1975

1. SUMMARY. HIGHLIGHT OF QUARTER WAS SADAT'S STATE VISIT TO US, WHICH GAVE MAJOR PSYCHOLOGICAL BOOST TO EMERGING USG-GOE RELATIONSHIP AND ALLOWED SADAT TO DEMONSTRATE TO AMERICAN AUDIENCE HIS MODERATION AND TO HIS ARAB AUDIENCE HIS KEY ROLE AS REGIONAL LEADER. FOR SOVIETS, PERIOD WAS CALMER THAN SUMMER MONTHS HAD BEEN. SADAT CEASED "EXPOSING" MOSCOW'S "DUPLICITY" IN FAVOR OF "EXTENDING HAND OF FRIENDSHIP" TO BOTH SUPER POWERS. PERHAPS AS RESULT PROTRACTED DEBT RESCHEDULING TALKS WERE INCONCLUSIVE, ALTHOUGH GOE-USSR COMMERCIAL AGREEMENTS COULD STILL BE INITIALLED AT SLIGHTLY BELOW 1975 TRADE LEVEL. IN ARAB WORLD, SYRIAN "OUTBIDDING" AND LEBANESE TRAGEDY WORRY EGYPT DEEPLY. CONTINUING SAUDI SUPPORT, HOWEVER, IS REASSURING. PRESIDENT GISCARD'S VISIT POINTED UP ADVANTAGES OF GOE-GOF COOPERATION; FRENCH GET COMMERCIAL PAYOFF AND SADAT CAN "PROVE" SOVIETS ARE REPLACEABLE AS ARMS SUPPLIERS. INTERNALLY, ECONOMIC WOES CONTINUE. EGYPT IS BROKE, PRICES RISE, AND NOUVEAUX RICHES FLAUNT THEIR WEALTH. END SUMMARY

2. I. FOREIGN AFFAIRS. A. US-EGYPTIAN RELATIONS. HIGHLIGHT OF QUARTER WAS PRESIDENT SADAT'S STATE VISIT TO US OCTOBER 27 TO NOVEMBER 5. VISIT SET SEAL ON OUR EMERGING BILATERAL RELATIONSHIP AND PROVIDED MAJOR PSYCHOLOGICAL BOOST FOR PRESIDENT SADAT. IT PROVIDED HIM WITH IMPORTANT FORUM TO DEMONSTRATE TO AMERICANS HIS MODERATION AND TO ARAB WORLD AT LARGE THAT EGYPT IS FULFILLING ITS RIGHTFUL ROLE AS REGIONAL LEADER. EXTRAORDINARY MEDIA COVERAGE CAUGHT WARM AND CORDIAL FLAVOR OF SADAT'S RECEPTION. EVEN ROUGHT SPOTS (E.G., SADAT'S ENDORSEMENT OF UN RESOLUTION EQUATING ZIONISM AND RACISM AND RESULTANT CANCELLATION OF NYC'S MAYOR'S CALL ON PRESIDENT) IRONICALLY SERVED TO PROMOTE SADAT'S ARAB IMAGE IN ME.

3. TANGIBLE RESULTS OF VISIT WERE LESS THAN SOME
SECRET

SECRET

PAGE 03 CAIRO 13174 01 OF 03 311605Z

EGYPTIANS HAD EXPECTED, ALTHOUGH PRESIDENT HAD HIMSELF WISELY REFRAINED FROM PRESENTING SUBSTANTIAL MILITARY SHOPPING LIST. INSTEAD HE DISCUSSED POSSIBLE MILITARY SALES IN GENERAL TERMS ONLY.

4. PRESIDENT SADAT CHOSE AS THEMES FOR HIS VISIT EGYPT'S DESIRE FOR FRIENDSHIP WITH US AND VITAL NECESSITY OF PROMPT RECOGNITION OF PALESTINIAN RIGHTS FOR AN ENDURING

ME PEACE. PUBLICLY AND PRIVATELY HE URGED INITIATION OF A DIRECT USG-PLO DIALOGUE WHICH, IN HIS VIEW, WOULD CONSTRUCTIVELY FACILITATE PEACE PROCESS.

5. GOE WELCOMED US ACQUIESCENCE IN PLO PARTICIPATION AT UNDOF RENEWAL DEBATE, BUT WAS CHAGRINNED AT SYRIAN SUCCESS IN USING DEBATE TO POSE AS PALESTINIANS' CHAMPION. WHEN GOE ACTED ON ITS OWN TO CONVENE UNSC DISCUSSION OF ISRAELI AIR RAIDS ON REFUGEE CAMPS IN LEBANON, USG VETOED BECAUSE OF LACK OF BALANCE IN RESOLUTION. ASSISTANT SECRETARY ATHERTON'S DECEMBER VISIT TO EGYPT WAS LAUDED BY SADAT AS ASTUTE MOVE FOLLOWING US VETO, THOUGH BOTH SADAT AND FAHMY TOOK OCCASION TO URGE WE AVOID FURTHER VETO ON ANY FUTURE ME RESOLUTIONS.

6. UPCOMING JANUARY 12 UNSC DEBATE POSES DILEMMA FOR EGYPT. SADAT UNDERSTANDS RISKS INHERENT IN SYRIAN INTENTION SEEK PROPAGANDA AT EXPENSE OF MOMENTUM. ANOTHER US VETO WOULD BE USED BY SYRIANS TO FURTHER DENEGRATE SADAT AND SINAI II. EGYPTIAN DEL WILL ENDEAVOR PREVENT DEBATE FROM GETTING OUT OF HAND, BUT GOE CONTENTS THAT TO MAINTAIN ARAB LEADERSHIP ROLE, EGYPT MUST APPEAR TO BE IN FOREFRONT OF ARAB CAUSE.

7. SEVERAL BILATERAL AGREEMENTS WERE SIGNED DURING QUARTER, E.G., ONE HAVING TO DO WITH PROVISION OF TWO NUCLEAR POWER REACTORS, ANOTHER RE HALF MILLION TON WHEAT/ WHEAT FLOUR COMMITMENT, A DOUBLE TAXATION TREATY, A HEALTH COOPERATION AGREEMENT, AN EXCHANGE OF NOTES RE DISPATCH OF TUTANKHAMUN RELICS TO THE US IN 1976, A TEXTILE AGREEMENT, AND, A CIP AGREEMENT FOR AN ADDITIONAL \$100 MILLION. COMING HARD ON THE HEELS OF THE UNSUCCESSFUL AND SUSPENDED EGYPTIAN-SOVIET DEBT RESCHEDULING TALKS, PUBLIC IMPACT OF NEW CIP

SECRET

SECRET

PAGE 04 CAIRO 13174 01 OF 03 311605Z

LOAN WAS ESPECIALLY POSITIVE.

8. US EFFORTS TO ENCOURAGE "OPEN DOOR" POLICY CONTINUE. FIRST SESSION OF US-EGYPTIAN JOINT BUSINESS COUNCIL, ATTENDED BY PROMINENT REPRESENTATIVES OF AMERICAN BUSINESS, CONVENED IN CAIRO ON OCTOBER 12, BUT MADE ONLY MODEST HEADWAY IN INSTILLING LOCAL APPRECIATION OF INCENTIVES NEEDED TO ATTRACT AMERICAN PRIVATE INVESTMENT. A SUBSEQUENT VISIT BY TREASURY ASSISTANT SECRETARY PARSKY TO TRY TO MOVE FORWARD SOME SPECIFIC INVESTMENT PROJECTS EVOKED PROMISES, BUT THUS FAR LITTLE TANGIBLE ACTION.

SECRET

NNN

SECRET

PAGE 01 CAIRO 13174 02 OF 03 311841Z

40

ACTION NEA-10

INFO OCT-01 AF-06 EUR-12 ISO-00 AID-05 EB-07 TRSE-00

COME-00 STR-04 XMB-02 OMB-01 SAM-01 SAB-01 IO-10

CIAE-00 DODE-00 PM-04 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 SCCT-01 CIEP-01

OES-03 ACDA-05 ERDA-05 NRC-05 AGR-05 HEW-02 CU-02

FRB-03 MC-02 /138 W

----- 076979

R 311445Z DEC 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8914

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY SANA

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

S E C R E T SECTION 2 OF 3 CAIRO 13174

KUWAIT PASS BAGHDAD

SECRET

SECRET

PAGE 02 CAIRO 13174 02 OF 03 311841Z

9. B. SOVIET-EGYPTIAN RELATIONS.

PRESIDENT SADAT'S EMOTIONAL PUBLIC DENUNCIATIONS OF SOVIET "DUPLICITY"

HAD MADE SEPTEMBER AN UNCOMFORTABLE PERIOD FOR ASTONISHED BLOC DIPLOMATS, BUT IN SUCCEEDING WEEKS PRESIDENT CHANGED HIS TACK. IN PEOPLE'S ASSEMBLY SPEECH AND SEVERAL MEDIA INTERVIEWS, HE EMPHASIZED EGYPT SEEKS FRIENDSHIP OF BOTH SUPERPOWERS. SADAT MAINTAINED THIS LINE EVEN AFTER PRAVDA, ON EVE OF HIS DEPARTURE FOR US, PUBLISHED FIRST OPEN SOVIET DENUNCIATION OF SINAI II. WE SUSPECT HE DID SO ON ADVICE OF SOME OF HIS COUNSELORS, INCLUDING FAHMY, IN HOPES OF FACILITATING UPCOMING DEBT RESCHEDULING TALKS.

10. TO BEST OF OUR KNOWLEDGE, SOVIETS IN LAST THREE MONTHS HAVE MADE ONLY ONE APPROACH TO GOE ON SPECIFIC ISSUE CONNECTED WITH ME PEACE: SOVIET AMBASSADOR ON OCT 20 FORMALLY PROTESTED TO FAHMY PRESENCE OF 200 AMERICAN TECHNICIANS IN SINAI. CLEARLY, SOVIETS RESENT ENFORCED STINT ON DIPLOMATIC BENCH. NOV 9 STATEMENT FROM MOSCOW SEEMED "RECOGNITION OF IMPASSE" (MOSCOW 16650). SADAT PERSONALLY RETAINS DEEPEST SUSPICION OF SOVIET MOTIVES. HE BELIEVES THEY ARE PLAYING DOUBLE GAME: PUBLICLY CALLING FOR GENEVA WHILE COVERTLY ENCOURAGING SYRIAN INTRANSIGENCE. CONTINUING SOVIET INVOLVEMENT IN LIBYA ALSO WORRIES HIM. FURTHER, GOE ASSUMES CONTINUING SOVIET REFUSAL RESUME ARMS SHIPMENTS IS IN PART ATTRIBUTABLE TO HOPE EGYPTIAN ARMED FORCES WILL SOONER OR LATER PRESSURE SADAT TO SHIFT BACK FROM PRO-US POLICY TOWARD MOSCOW.

11. ON ECONOMIC AFFAIRS, LOCAL BLOC DIPLOMATS ARE IN NO WAY AMBIGUOUS. THEY TELL US LIBERAL OPEN DOOR IS SADAT'S ACHILLES HEEL AND SOONER OR LATER EGYPTIANS WILL COME TO THEIR SOCIALIST SENSES. THUS, DESPITE IMPROVED BILATERAL CLIMATE OF REPORTING PERIOD, SADAT TOOK A FIRST STEP TO GUARD AGAINST MAJOR ECONOMIC MOVE AGAINST HIM. FEARING MASS DISLOCATIONS WHICH SOVIETS COULD CREATE BY CURTAILING RAW MATERIALS, GOE HAS ARRANGED THROUGH UNIDO FOR AMERICAN ENGINEERS TO WORK AT HUGE HELWAN IRON AND STEEL COMPLEX.

12. EGYPTIANS HAD EXPECTED HARD NOSED SOVIET APPROACH TO MUCH POSTPONED TALKS ON DEBT RESCHEDULING AND TRADE BILATERALS. IN FACT, HOWEVER, SOVIET DEL HERE NOV 18-DEC 16 SEEMS TO HAVE EXHIBITED PATIENCE OF JOB ON BOTH ISSUES. BY AGREEING TO POSTPONE DEBT TALKS AFTER RECEIVING UNACCEPTABLE GOE COUNTER PROPOSALS, SOVIETS
SECRET

SECRET

PAGE 03 CAIRO 13174 02 OF 03 311841Z

ACQUISCED IN DE FACTO MORATORIUM. DRAFT TRADE PROTOCOLS WERE INITIALLED, DESPITE SOVIET DISPLEASURE AT IMBALANCE OF TRADE FIGURES (EGYPTIAN EXPORTS WOULD BE 71 MILLION STERLING POUNDS GREATER THAN IMPORTS). THIS APPARENT SOVIET FLEXIBILITY IS SIGNIFICANT; ACCEPTABLE SUBSTITUTE MARKETS FOR EGYPTIAN EXPORTS DO NOT

EXIST. FURTHER, WERE SOVIETS TO CUT OFF RAW MATERIAL SUPPLIES, STONE BROKE GOE WOULD HAVE TO SEEK REPLACEMENTS IN HARD CURRENCY MARKETS.

13. C. EGYPTIAN-ARAB RELATIONS. GOE CONTINUES PUT BOLD PUBLIC FACE ON DECISION TO ACCEPT SINAI II. THIS EGYPTIAN POLITICAL COURAGE IN FACE CONTINUING STRIDENCY OF SYRIAN-PALESTINIAN ACCUSATIONS OF SELL OUT IS BOLSTERED BY FOUR MAJOR FACTORS: (A) CONTINUING SAUDI POLITICAL AND FINANCIAL SUPPORT; (B) PROFOUND BELIEF THAT MOST ARABS RECOGNIZE EGYPT AS RIGHTFUL REGIONAL LEADER; (C) SADAT'S SUCCESS IN WINNING NEW EUROPEAN AND AMERICAN FRIENDS FOR ARAB CAUSE; AND (D) DIVERSIONARY EFFECT OF LEBANESE CIVIL WAR.

14. EGYPT NEVERTHELESS IS ACUTELY CONCERNED BY LACK OF POST-SINAI II PROGRESS AND RESULTANT SYRIAN PROPAGANDA SUCCESSES. AS CONSEQUENCES, GOE HAS BEGUN ENGAGE IN TACTICAL ONEUPSMANSHIP DESIGNED TO DEMONSTRATE EGYPT IS THE ONLY RELIABLE AND POWERFUL PROTECTOR OF ARAB CAUSES. HENCE, FOR EXAMPLE, FOCUS OF SADAT'S PUBLIC SPEECHES, ESPECIALLY DURING US VISIT, THAT 1977 WILL BE "YEAR OF PALESTINE;" EGYPT WILL TAKE LEAD IN RESTORING PALESTINIAN RIGHTS, UNDAUNTED BY MISGUIDED PALESTINIAN CRITICS. HENCE ALSO EGYPT'S DETERMINATION SEAT PLO AT UNSC IN DECEMBER, A DECISION TAKEN TO "SHOW UP" EXPECTED SARG EFFORT TO DO SAME THING ON JANUARY 12. EGYPT VIEWS SUCH PLOYS AS ESSENTIALLY HOLDING OPERATIONS, DESIGNED TO BUY TIME FOR ANOTHER DISCRETE STEP TOWARD COMPREHENSIVE PEACE, A PROCESS WHICH SADAT AND FAHMY STRONGLY URGE COULD BE SIGNIFICANTLY HASTENED BY USG-PLO DIALOGUE. SUCH DIALOGUE, THEY INSIST, IS ESPECIALLY IMPORTANT IN VIEW UPCOMING ME DEBATE WHICH THEY FEEL COULD EASILY GET OUT OF HAND AND RESULT IN US VETO. SYRIANS WOULD USE THIS AS EVIDENCE OF FAILURE OF SADAT'S PRO US POLICY.

15. LEBANESE CIVIL WAR HAS PROVED NIGHTMARE FOR GOE.

SECRET

SECRET

PAGE 04 CAIRO 13174 02 OF 03 311841Z

CONFLICT USEFULLY DIVERTS SOME ARAB CRITICS FROM SINAI II, BUT, AS EGYPT WELL KNOWS, ALSO CARRIES SEEDS OF POTENTIAL DISASTER FOR CAIRO. AT WORST, IDF MOVE INTO LEBANON WOULD CRITICALLY UNDERMINE USG-GOE PEACE STRATEGY. AS MATTERS ARE NOW, SADAT'S IMAGE AS ARAB LEADER IS BRUISED. CAIRO IS TRYING TO HELP (BY SUPPORTING COUVE MISSION, AGREEING TO EMERGENCY ARAB LEAGUE DEBATE, CONFERRING URGENTLY WITH SAG), BUT WITH SADATIST DISMANTLING OF NASSER'S POWER BASE IN LEBANON, CAIRO'S WORD IS NO LONGER LAW IN BEIRUT. EGYPTIANS ALSO WORRY THAT "THEIR" PALESTINIANS (I.E., ARAFAT) MAY LOSE OUT TO SYRIAN SPONSORED SA'IQA. FINALLY, GOE BELIEVES DAMASCUS IS PLAYING DANGEROUS DOUBLE GAME BY MIXING

NEGOTIATION EFFORTS WITH ARMS SHIPMENTS. MISCHIEVIOUS SOVIET
ROLE IN ALL THIS IS SUSPECTED.

16. IN RECENT WEEKS, CONCERN ABOUT LEBANESE POLITICAL
VOLCANO AND ABOUT NEXT OUTBREAK OF SYRIAN "OUTBIDDING" ON
JANUARY 12 HAVE INFUSED EVEN GREATER URGENCY INTO GOE
DESIRE FOR ACTION ON PEACE FRONT. SAME CONCERNS UNDERLIE
PRESENT GOE RELATIONS WITH OTHER ARABS. AMMAN, FOR EXAMPLE,

SECRET

NNN

SECRET

PAGE 01 CAIRO 13174 03 OF 03 311900Z

40

ACTION NEA-10

INFO OCT-01 AF-06 EUR-12 ISO-00 AID-05 EB-07 TRSE-00

COME-00 STR-04 XMB-02 OMB-01 SAM-01 SAB-01 IO-10

CIAE-00 DODE-00 PM-04 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 SCCT-01 CIEP-01

OES-03 ACDA-05 ERDA-05 NRC-05 AGR-05 HEW-02 CU-02

FRB-03 MC-02 /138 W

----- 077163

R 311445Z DEC 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8915

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY SANA
AMEMBASSY TEL AVIV
AMEMBASSY TRIPOLI
AMEMBASSY TUNIS

S E C R E T SECTION 3 OF 3 CAIRO 13174

KUWAIT PASS BAGHDAD
SECRET

SECRET

PAGE 02 CAIRO 13174 03 OF 03 311900Z

BY GIVING ASAD HERO'S WELCOME AND JOINING IN PUBLIC
DENUNCIATION OF SINAI II DECEMBER 12, HAS INCURRED
SEVERE DISPLEASURE OF SADAT. EVEN STRONGER JOINT
COMMUNIQUE ISSUED AFTER JALLUD'S VISIT TO DAMASCUS, COUPLED
WITH SUSPECTED LARG COMPLICITY IN VIENNA OPEC KIDNAPPING,
HAD BY END OF YEAR SPELLED END OF PROPAGANDA TRUCE WITH TRIPOLI.

17. KEY TO EGYPT'S CONTINUED ABILITY AND DETERMINATION
RISE ABOVE AN/OR COMBAT THESE BUFFETS REMAINS SAUDI ARABIA,
ON WHICH EGYPT'S FINANCIAL SOLVENCY AND POLITICAL CREDIBILITY
DEPEND. SO FAR, EGYPTIAN LEADERSHIP PROFESSES THEMSELVES FULLY
SATISFIED THAT RIYADH ACCEPTS THRUST OF SADAT'S STRATEGY,
THOUGH NOT NECESSARILY HIS TACTICS.

18. D. EGYPTIAN-EUROPEAN RELATIONS. WHILE SADAT VISIT TO
US WAS POLITICAL CENTERPIECE OF QUARTER, FRENCH PRESIDENT'S
ARRIVAL IN EGYPT DECEMBER 10 WAS SPLASHIEST EVENT SINCE NIXON
VISIT 18 MONTHS AGO. FRENCH CONTINUE POLICY THEIR IMAGE AS
EGYPT'S BEST EUROPEAN FRIEND BY SAYING RIGHT THINGS ABOUT
SADAT, PLO, SINAI II AND RETURN TO 1967 BORDERS. THIS POLITICAL
AGILITY SEEMS TO BE HAVING ITS REWARD IN COMMERCIAL TERMS.

19. PLOY WHICH HAS ABOVE ALL EARNED SADAT'S GRATITUDE HAS
BEEN FRENCH WILLINGNESS ACQUIESCE IN WILDLY EXAGGERATED
EGYPTIAN MEDIA REPORTS OF ARMS SALES AND ASSISTANCE FOR
MILITARY INDUSTRIALIZATION. BY CREATING INFLATED IMPRESSION
OF VOLUME AND IMMINENCE OF FRENCH MILITARY RELATIONSHIP,
SADAT HAS BEEN ABLE "PROVE" TO DOUBTING ARAB BROTHERS THAT
SOVIETS ARE REPLACEABLE AS ARAB ARMS SUPPLIERS. FURTHER,
SADAT CAN SHOW HIS OPENING TO THE WEST HAS NOT MADE EGYPT AN
AMERICAN STOOGES.

20. FOR SAME BASIC PURPOSES, SADAT HAS CULTIVATED BRITISH
CONNECTION. HIS STATE VISIT TO LONDON NOVEMBER 7 TOUCHED
OFF SIMILAR MEDIA BALLYHOO, NEVER DENIED, ABOUT FORTHCOMING
MILITARY DELIVERIES.

21. GOE CAN BE EXPECTED TO CONTINUE CAMPAIGN TO WOO
EUROPEANS. SADAT'S LATE MARCH VISITS TO ITALY AND FRG,

FOR EXAMPLE, WILL NO DOUBT BE PLAYED BOTH AS FURTHER EVIDENCE

SECRET

SECRET

PAGE 03 CAIRO 13174 03 OF 03 311900Z

SADAT HAS BECOME INTERNATIONAL STATESMAN AND AS OPPORTUNITY
SEEK FURTHER ARMS SALES.

22. EURO-ARAB DIALOGUE CONTINUES, BUT HAS NOT BEEN SELECTED
BY GOE AS IMPORTANT VEHICLE, SINCE BILATERALISM HAS ALREADY
BROUGHT ABOUT POLITICAL AND ECONOMIC DIVIDENDS.

23. E. MISCELLANEOUS

GOE SOLVED ANGOLAN RECOGNITION PROBLEM BY RECOGNIZING
INDEPENDENCE OF NEW STATE, WITHOUT REFERENCE TO ANY
"GOVERNMENT". EGYPTIANS, CONCERNED ABOUT SOVIET (AND SOUTH
AFRICAN) INVOLVEMENT, ASSURE US THEY WILL NOT RECOGNIZE MPLA
AND WILL SUPPORT OAU DIPLOMATIC EFFORTS END FIGHTING AND PROMOTE
NATIONAL RECONCILIATION.

24. AMONG VISITORS TO EGYPT DURING QUARTER WERE FONMIN OF
ZAIRE AND INDIAN PRESIDENT.

25. II. INTERNAL AFFAIRS.

LAST THREE MONTHS HAVE BEEN QUIET ON INTERNAL SCENE. ONLY
REAL EXCITEMENT WAS GENERATED BY AMATEURISH EFFORTS IMPLEMENT
SADAT'S DIRECTIVE TO ENCOURAGE MULTIPLICITY OF FORMS ("MINBARS")
IN ASU. OUTCOME WAS ABSURD AS DOZENS OF WOULD-BE POLITICIANS
ANNOUNCED THEIR PLATFORMS. SADAT PUT STOPPER ON PROCESS WHEN
HE RETURNED FROM US, NOTING ISSUE REQUIRES FURTHER STUDY TO
AVOID ANY POSSIBILITY THAT MINBARS MIGHT
GIVE BIRTH TO NEW "CENTERS OF POWER," NEW ASU STATUTES
ALSO REINFORCED SADAT'S PREMISE THAT CENTERS OF POWER
ARE INTOLERABLE, BE THEY PARTY LEADERS, PRESS CZARS, OR
ASU FUNCTIONAIRES.

26. MORE PROFOUND DOMESTIC PROBLEM CONTINUES TO BE
ECONOMIC. ONCE AGAIN, EGYPT IS BROKE AND CONSUMER IS
FACING RISING PRICES. PRIVATE SECTOR SHOPS,
PROLIFERATING UNDER OPEN DOOR LIBERALISM, CARRY EXPENSIVE
CONSUMER AND LUXURY GOODS WHICH ARE WAY OUT OF REACH OF
VAST MAJORITY OF PUBLIC. LEFTIST PUBLICATIONS CORRECTLY
POINT UP "PARASITISM" OF SOME OF THOSE NEWLY RICH WHOSE
WEALTH SPRINGS FROM TRADE (AND SOMETIMES FROM SHADY DEALINGS),
RATHER THAN FROM EMPLOYMENT-GENERATING INVESTMENT. IN
GUMHURIYYA'S PHRASE: "FAT CATS HAVE BECOME HYENAS."

SECRET

SECRET

PAGE 04 CAIRO 13174 03 OF 03 311900Z

ALTHOUGH DONE AS PART OF PROCESS OF POLITICAL LIBERALIZATION, RETURN OF SEQUESTERED PROPERTIES TO PROMINENT (AND SOMETIMES NOTORIOUS) ANCIENT REGIME NOTABLES ALSO FEEDS THE GRUMBLING.

27. LOW-KEY COMPLAINING IS WIDESPREAD, BUT HAS NOT SO FAR BEEN TRANSLATED INTO ACTIVISM. STUDENT DEMONSTRATIONS EXPECTED IN OCTOBER NEVER MATERIALIZED, IN PART BECAUSE OF RAFT OF GOE PALLIATIVES (CHEAP BOOKS, WELFARE FUNDS, ET AL), BUT MOSTLY BECAUSE OF MININT'S STERN WARNINGS. STUDENTS, MOST VOLATILE OF EGYPTIAN POLITICAL GROUPS, NOW HAVE NEW ISSUE: POLICE INTERFERENCE IN STUDENT UNION ELECTIONS STILL UNDERWAY. AS YET RALLIES REMAIN SMALL AND RELATIVELY NON-VIOLENT.

28. SADAT REMAINS POPULAR PRESIDENT, VIEWED BY MOST AS WAR HERO TURNED COURAGIOUS STATESMAN WHO HAS WON VALUABLE FRIENDS IN WEST, WHERE EGYPTIANS PREFER THEIR FRIENDS TO COME FROM. VIRTUALLY INSUPERABLE DIFFICULTIES OF EASING PEOPLE'S ECONOMIC BURDENS REMAIN PRESIDENT'S BALL AND CHAIN, BUT GOE IS SEEN TO BE TRYING HARD AND HAS HAD GOOD SENSE TO PERMIT MEDIA AND PARLIAMENT TO AIR COMPLAINTS AND ADVICE.

29. ON FOREIGN POLICY, HOWEVER, CRITICISM IS NO LONGER TOLERATED. ONLY TWICE HAVE ARTICLES APPEARED DURING QUARTER CONDEMNING SINAI II. IN PRIVATE CONVERSATION, HOWEVER, OPPOSITION LEFTISTS RANGING FROM NASSERISTS TO MARXISTS FREELY EXPRESS THEIR CONCERN THAT SADAT, BY PREFERRING US TO USSR, BY PREFERRING MIXED ECONOMY TO ARAB SOCIALISM, AND BY ALLEGEDLY ACQUIESCING IN RE-EMERGING SOCIAL DISPARITIES, IS INJURING EGYPT'S LONG-RUN PROSPECTS. SUCH VIEWS REMAIN, AT LEAST FOR THE PRESENT, EMPHATICALLY MINORITY OPINIONS.
EILTS

SECRET

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SUMMARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 31 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CAIRO13174
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750451-0817
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975122/aaaaabhf.tel
Line Count: 527
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2003 by ShawDG>; APPROVED <04 NOV 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: QUARTERLY POLITICAL ASSESSMENT: OCTOBER 1 - DECEMBER 31, 1975
TAGS: PFOR, PINT, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006